

## THE CURRENCY OF OUR NEW DOMAIN.

How much the course of the stock market is governed by feeling and fancy, was shown by the fluctuations. Last week, operators who had bought with enthusiasm the previous week, finding that the upward movement in which they had joined was slackening, began on Monday to take it was coming to an end and made haste to take their profits before it was too late. By Wednesday, however, they discovered that there was really no change in the state of affairs, and their buying restored the former advance. On Thursday and Friday again the market dropped, the decline continuing on Saturday, but that the times are not yet ripe for a general and settled reaction everything tends to show.

While the recent elections have, for the present removed from the theatre of controversy the questions both of free silver and of currency reform, a currency problem of considerable difficulty will soon come before the country and imperatively demand a solution. That we are about to add to our national domain not only Cuba and Porto Rico, but in some manner or other the Philippines Islands, is practically decided, and whether we treat this newly acquired territory as an integral part of the United States or whether we exercise over it a mere supervision and guardianship, the burden will be upon us of maintaining, within its boundaries, law and order, of protecting life and property, of enforcing civil contracts and above all, of regulating its currency.

The currency complications which have prevailed in Porto Rico since our troops took possession of the island, and our merchants have commenced doing business there under our flag, have been, as every one knows, very great. Our silver dollars, held up by main strength at an artificial value more than double that of the bullion of which they consist, have been brought into collision with Spanish coin also overvalued, but to a less extent. Thus, while our silver dollar of 412½ grains is equal in currency value to a dollar in gold, the Porto Rico dollar, containing rather more bullion than our dollar, we found passing for a great deal less, but, still, for more than its value as bullion. This was because, like our dollars, the Porto Rico dollars were limited in number and thus were artificially kept at par with Spanish paper, nominally redeemable in gold, but really, as our greenbacks were, during our war, redeemable, and therefore, based in gold. Spanish paper, being worth, say, 50¢ on the dollar in gold, the Porto Rico dollar was worth the same amount, and its bullion value was but 42 cents. Nevertheless, for convenience, military authorities decreed that our dollars should circulate at double the value of Porto Rico dollars, so that the price of commodities twice as great when paid in Porto Rico dollars as it was when paid in our dollars. This the natives complain of as a hardship, and especially compels them to accept less for their wares than they were getting under Spanish rule, and debtors complain that, as a consequence, their debts have been augmented.

Cuba, not having yet been surrendered to us by Spain, has still the same currency that it had all along. The money in use is principally the notes of the Bank of Havana, and Spanish silver, all of it being, as in Porto Rico, at a discount from its nominal value. Gold coin is also used, prices made in it being regulated according to the fluctuations of its value measured in silver and paper currency.

In the Philippines the currency is on a silver basis completely, the Mexican dollar being the unit of value, and all transactions being made with reference to that unit. What little of our money has found its way there, through being paid out to our soldiers and sailors, sells at a premium, as do gold coin and exchange on London; and prices fluctuate with the fluctuations of gold, or rather with those of the market price of silver bullion measured in gold.

To introduce into Cuba and Porto Rico the currency system of this country would be easy enough, but to drive out of use the money now in circulation there would be difficult. Spain is not likely to redeem her silver coin at more than its bullion value, and we cannot reasonably be expected to accept it at a higher rate. The holders of it would, therefore, have to sell it for what they could get by sending it back to Spain, and the effort to do this would seriously depreciate it even there. The notes of the Bank of Havana would likewise have to be redeemed at some rate approximating that at which they were issued, and this would again involve a difficulty of immense magnitude. On the other hand, we cannot suffer things to go on as they are now going on, and in either case property must be taken from the debtors and creditors without doing injustice to either, will tax our financial ingenuity to the utmost.

In the Philippines the problem will be simpler but no easier. If we leave the currency as it is, we shall likewise leave it, at the mercy of all the fluctuations to which silver is exposed, and our merchants will complain as the British merchants who trade in Asia complain, that their operations are hampered by the uncertainty of the standard of value. If, on the other hand, we introduce gold in the place of silver, we shall introduce a metal too costly for common use by a people accustomed to low wages and low prices, and shall have to supplement it with paper money, which would be looked upon with suspicion, and possibly refused. If we retain silver in limited amounts as we do in this country it will be exposed to counterfeiting and further complications.

Of the perils that environ efforts to bring the silver currency of Asia into harmony with the gold currency of Europe, the experience of Great Britain in India affords a warning, without at the same time, showing how to avoid them. In 1834 Great Britain established silver as the monetary standard of India, and made the rupee the unit of value. The rupee was then worth about the tenth of a pound sterling and remained so until the commencement in 1872 of the fall in value of silver which has since made so much trouble in the world. From 1872 on, the rupee depreciated gradually, until, in 1893, when we ceased the purchases of silver under the Sherman Act, it represented but the fifteenth part of a pound sterling. Moreover, its value was not constant even at this ratio, but fluctuated wildly, according to the fluctuations of silver bullion, and rendered accurate calculations by merchants impossible. Whatever the price at which they exported or imported commodities they could not count upon the continuance of that price measured in sterling exchange from one day to another. Then, too, the Indian Government, having every year to remit to London \$60,000,000, as its share of the expenses of the Empire, had to collect from the natives instead of the 100,000,000 rupees which formerly sufficed for the purpose, 240,000,000 rupees, and the prospect was that even this large sum would have to be increased. Accordingly in 1893 the mints of India were closed to the coined of silver except upon Government account. The flood of silver coins which had been pouring into circulation was arrested, the volume of money was fixed, and the rupee has retained its value of about one-fifteenth of a pound sterling or thereabouts, ever since. The burden of metallic tribute to the Imperial Government has ceased to grow, and the additional taxes which it threatened to make necessary, have been avoided.

On the other hand, the millions of natives whose savings were invested, after the Hindoo custom, in silver ornaments and silver ingots, which, when they wanted money they were accustomed to take to the nearest mint and convert into coin at the rate of about 2½ rupees to the ounce, found that they could not longer do this, but had to sell their silver to the bullion dealers at the rate of about 1½ rupees to the ounce. Hence mutintries and dissatisfaction which threaten the continuance of British rule in India and seriously alarm the Government of India. In addition, the brokers and merchants of the great cities, like Calcutta and Bombay, complain that the volume of currency in the country, being rigidly fixed and not susceptible of natural augmentation by imports from abroad, intensifies financial crises and hampers their business. The case with them is the same as it was with us during the

cessation of specie payments, in 1873.

## Financial.

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TO THE HOLDERS OF THE  
6% 1st Mortgage Bonds  
OF THE  
Oregon Railway & Navigation Co.

NORTH AMERICAN  
TRANS. CO.

NEW YORK: 10 BROADWAY. LONDON: 95 GRISHAM ST.

Capital paid up . . . . \$1,000,000

Surplus . . . . . \$200,000

W. L. TRENHOLM, President.

Transacts a general trust business.

Allows liberal rates of interest on deposits and trust funds.

Issues Letters of Credit and Travellers' Checks.

Notes payable in dollars or in the money of any foreign nation.

Acts as Trustee under mortgages for railway and other companies, and as Agent for the Registration of the stock, and for the transfer of the shares of incorporated companies.

Undertakes the examination of properties offered as security for bond issues, and the obtaining of expert information concerning the actual facts and prospects of reorganization proposed.

Qualified and empowered to act as executors, administrators, trustees, guardians and assignees, and as receivers and custodians of funds under orders of courts.

The NORTH AMERICAN TRUST COMPANY has established a branch office at SANTIAGO, and is prepared to buy and sell drafts on and to make payments in SANTIAGO and to transact a general banking business. THE COMPANY is also prepared to receive the deposits of the SOLDIERS and SAILORS now in CUBA, and, under their directions, to make remittances to their families in the UNITED STATES, also to investigate and report in an advisory capacity about new enterprises in ALL LINES OF TRADE AND MANUFACTURING, as well as in CITY PROPERTIES, WINTER HOMES, ELECTRICAL PLANTS, COAL PLANTATIONS, IN CUBA, PUERTO RICO, and the PHILIPPINES, by holding in trust PROPERTIES, CONTRACTS, MORTGAGES, and BONDS, either pending the closing of negotiations or for more extended or more definite periods.

Special attention is called to the relations of THE COMPANY already established at MANILA with the CHARTERED BANK OF INDIA, AUSTRALIA, and CHINA, sufficient for the present needs of our MANUFACTURERS, MERCHANTS, TRAVELLERS, SOLDIERS, and SAILORS.

NORTHERN PACIFIC RAILWAY CO., 35 WALL STREET, NEW YORK, October 1, 1898.

To the Holders of the

NORTHERN PACIFIC RAILROAD and Land Grant

General First Mortgage

Bonds Six Per Cent. Gold Bonds.

Holders of bonds of the above issue are hereby given an opportunity to convert the same into prior

6 per cent. Bonds, constitute the FIRST

MORTGAGE UPON THE ENTIRE PROPERTY

OF THE OREGON RAILROAD AND NAVIGATION CO., upon the basis of \$1,150

IN 6 PER CENT. BONDS FOR \$1,000 IN

6 PER CENT. BONDS. Holders converting

prior to December 1st receive the coupon

on the 6 per cent. Bonds maturing on that date. The offer to convert is subject to withdrawal or modification without notice.

The net earnings of the Company during the fiscal year ending June 30th, 1898, have been over \$2,000,000, or more than three times the interest upon the entire bonded indebtedness. The Company is paying dividends both on its Preferred and Common Stock.

The right is reserved to withdraw this offer at any time without notice.

THE COMPANY is paying dividends on the 6 per cent. Bonds for each

\$1,000 General First Mortgage Bonds.

Accrued interest on the General First Mortgage Bonds from July 1st to October 1st, 1898, will be paid in cash at time of conversion.

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